



FINANCE COMMITTEE MEETING

January 19, 2021

VIRTUAL – Covid-19

<http://bit.ly/38Lt2xQ>

MINUTES

1. Roll Call- The meeting was called to order at 5:36 p.m. as a virtual meeting pursuant to the Governor’s Executive Order 2021-01 due to COVID-19. Dr. Melinda McGuffin was present at the SASED Administrative Center.

Benjamin SD 25, Jack Buscemi
Winfield SD 34, Dr. Matt Rich
Salt Creek SD 48, Ray Kielminski—arrived 6:10 p.m.
Woodridge SD 68, Tom Ruggio
Sue Caddy, Business Manager, Maercker District 60
Dr. Melinda McGuffin, SASED
David Sellers, SASED
Anita Howard, SASED

2. Internal Expense Allocation Procedure Review
 - a. Mr. Sellers introduced the discussion stating the key phrase is unintended consequence of a business office practice whereby journal entries would charge individual programs, expenditure accounts are being debited, and revenue accounts are being credited which leads to an overstatement. He explained it’s as if SASED is paying itself which is the underlying intent. Discussion included that this was the previous business manager’s method and that every CSBO has his/her own way. There has never been an issue with the fund balances or cash reserves stated in previous years’ audits. Revenues and expenditures; however, were overstated. For accounting purposes, revenue is, by definition, from outside of SASED. Mr. Sellers added that all AFRs do convey the overstatements and revenues and expenditures were equally overstated. Mr. Sellers advised that the way forward is to install a new method for administrative allocations and internally purchased services that do not in any way utilize revenue accounts. Administration is recommending taking time to look at AFRs for three years. Discussion included methods to accurately identify what every program is costing. The business office has determined simple “fixes” utilizing current procedures such as adding a “location” as long as it is not in a revenue account. It is important to make sure there is accurate reporting to ISBE, etc. Given the long history of billing, there needs to be a complete understanding for how tuition is calculated. A simpler way to look at program costs needs to be determined but the group agreed that is more of a task for the new business manager not an interim.

Dr. McGuffin added that it may be good to have an independent auditor review journal entries and adjust the accounts. She will bring the conversation to the Board. The current auditor agrees with the changes. Question was asked of why the auditors did not catch the issue and Mr. Sellers stated they took the account balances and carried them over.



- 3. District by District Usage—Dr. Sellers stated he is working with staff to show how administrative costs are distributed to each member district, DWC and non-member districts. The district burden of administrative expenses is tied directly to usage. He added that districts will benefit from Medicaid salary decrease of \$90,000.
- 4. Updates to Budget Preparation Materials—Mr. Sellers reviewed the changes the committee suggested and noted that CPI is final at 1.4%.
- 5. ***Motion made by Dr. Matt Rich, seconded by Ray Kielminski to adjourn at 6:28 p.m.***
Roll Call Vote:

Ayes: Benjamin SD 25
 Winfield SD 34
 Salt Creek SD 48
 Woodridge SD 68

Nays: None Absent: None Motion carried.

Chairperson

Secretary